

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6072**

**BILL NUMBER: SB 14**

**NOTE PREPARED: Oct 25, 2014**

**BILL AMENDED:**

**SUBJECT:** Local air pollution control agency contracts.

**FIRST AUTHOR:** Sen. Randolph

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **X FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill authorizes a county, city, or town to establish or designate an agency to act for the county, city, or town as a local air pollution control agency. It requires the Commissioner of the Indiana Department of Environmental Management (IDEM) to enter into a contract with a county, city, or town air pollution control agency that is willing to enter into the contract.

The bill provides that a contract between the IDEM and a county, city, or town air pollution control agency must: (1) require the IDEM to advise, cooperate with, and provide technical assistance to the air pollution control agency; (2) authorize the air pollution control agency to undertake air pollution control activities on behalf of the IDEM or in enforcement of ordinances of the county, city, or town; and (3) provide for the payment of fair monetary compensation for the air pollution control activities performed by the air pollution control agency. It requires that the compensation paid to the air pollution control agency be at least sufficient to cover the agency's staffing and operating costs and that the rate of compensation be adjusted each year according to changes in the Consumer Price Index.

**Effective Date:** July 1, 2015.

**Explanation of State Expenditures:** *Summary* - Contracting out certain air pollution control activities to local air pollution control agencies could result in savings in workload and related expenditures for IDEM. However, funding currently available to IDEM for administration of air pollution control laws would also be available to local air pollution control agencies for performing air pollution control activities. The fiscal impact will depend upon the number and nature of contracts with IDEM that might occur under the provisions of the bill.

**Additional Information** - This bill provides that IDEM shall enter into a contractual agreement with a local air pollution control agency whenever the local air pollution control agency is willing to enter into the contract. The contract must require IDEM to do the following:

- (1) Advise, consult, and cooperate with the local air pollution control agency.
- (2) Provide technical assistance to the local air pollution control agency.
- (3) Authorize the local air pollution control agency to undertake air pollution control activities including monitoring of regional ambient air quality and issuing operating permits and permit revisions, performing compliance inspections, responding to complaints and emergencies, and initiating enforcement actions within their jurisdiction.
- (4) Provide that the local air pollution control agency must be paid fair monetary compensation for air pollution control activities listed in (3). Funding may come from the following sources:
  - (A) United States Environmental Protection Agency federal grant funding for the purpose of air pollution control program support activities funded under Section 105 of the federal Clean Air Act (42 U.S.C. 7405), as further described in Section 66.001 of the Catalog of Federal Domestic Assistance.
  - (B) United States Environmental Protection Agency federal grant funding for the purpose of PM2.5 air monitoring activities funded under Section 103 of the federal Clean Air Act (42 U.S.C. 7403), as further described in Section 66.034 of the Catalog of Federal Domestic Assistance.
  - (C) Revenue from annual operating fees established by 326 IAC 2.
  - (D) The environmental management special fund established by IC 13-14-12.
  - (E) Any other source of funds approved by the Governor and the Budget Agency.

In 2008 and 2009, IDEM allowed contracts with six local air agencies to expire and brought IDEM-related permitting, compliance, and monitoring activities in-house. The local agencies were located in the following local units: Anderson, Evansville, Gary, Hammond, Indianapolis, and Vigo County.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The bill provides that a county, city, or town that adopts an ordinance must designate an agency to act as an air pollution control agency to enforce ordinances and undertake air pollution control efforts on behalf of IDEM. An air pollution control agency that has entered into a contract must submit annual reports as requested by IDEM. Local air pollution control agencies would receive compensation for activities from funds available to IDEM for administration of the air pollution control laws to cover staffing and operating costs.

The fiscal impact of these provisions will depend on the number and nature of contracts established with IDEM.

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Department of Environmental Management.

**Local Agencies Affected:** Counties, cities, and towns.

**Information Sources:** Indiana Department of Environmental Management Office of Air Quality, *Indiana 2010 Ambient Air Monitoring Network Plan*, July 1, 2009.

**Fiscal Analyst:** Jessica Harmon, 317-232-9854.